

Message Text

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SUBJ: PEREZ ANNOUNCES NEW ECONOMIC DECREES BEFORE
WORKERS CONGRESS

REF: CARACAS 4402

BEGIN SUMMARY: PRESIDENT PEREZ ANNOUNCED AT THE INAUGURATION
OF THE VII CTV CONGRESS THAT ALL COMPANIES WITH MORE THAN TEN
WORKERS MUST INCREASE THEIR WORK FORCES BY 5 PERCENT, THAT SEVER-
ANCE PAY MUST BE CAPITALIZED ON AN ANNUAL BASIS IN INTEREST-
BEARING NOMINATIVE ACCOUNTS WHICH WILL BE AVAILABLE TO THE
WORKDERS FOR CERTAIN PURPOSES, THAT PUBLIC EMPLOYEES WILL RECEIVE
THE SAME SEVERANCE PAY AS IN THE PRIVATE SECTOR, THAT CERTAIN
SOCIAL SECURITY BENEFITS WILL BE MADE NATIONWIDE, AND THAT
A COMMISSION TO CODIFY THE LABOR CODE WILL BE FORMED.
HE REJECTED REVALUATION OF THE BOLIVAR OR A MANDATORY
SALARY INCREASE. HE CALLED FOR PASSAGE OF THE GOVT'S
PETROLEUM NATIONALIZATION LAW AND AN ANTI-MONOPOLY LAW.
END SUMMARY.

1. PRESIDENT CARLOS ANDRES PEREZ HIGHLIGHTED HIS INAUGURAL
ADDRESS TO THE VII CONGRESS OF THE CONFEDERATION OF VENEZUELAN
WORKDERS(CTV) WITH THE ANNOUNCEMENT OF A NUMBER OF IMPORTANT
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ECONOMIC DECREES. PRESIDENT PEREZ PROCLAIMED THAT:

2. EVERY EMPLOYER WITH OVER TEN EMPLOYEES WILL BE REQUIRED TO INCREASE HIS NUMBER OF EMPLOYEES BY 5 PERCENT. THESE NEW EMPLOYEES WILL BE APPRENTICES UNDER THE SUPERVISION OF THE NATIONAL INSTITUTE OF CAPACITATION AND EDUCATION (INCE). THEY WILL BE IN ADDITION TO ANY APPRENTICES EMPLOYED UNDER THE CURRENT INCE PROGRAM. THEY WILL RECEIVE AT LEAST THE MINIMUM WAGE. PRESIDENT PEREZ ANNOUNCED THAT THIS MEASURE WILL INCREASE EMPLOYMENT BY ONE HUNDRED THOUSAND PERSONS(AROUND TWO AND A HALF PERCENT OF THE LABOR FORCE).

3. OVER THE NEXT FIVE YEARS BUSINESSES WILL BE REQUIRED TO CAPITALIZE TERMINATION AND SENIORITY SEVERANCE PAY (ONE MONTH'S PAY FOR EACH YEAR WORKED WITH A CURRENT LIMIT OF EIGHT MONTHS PAY--THE EIGHT-MONTH LIMIT WILL BE REMOVED AS OF MAY 1, 1975) IN INDIVIDUAL NOMINATIVE ACCOUNTS. THESE ACCOUNTS WILL DRAW COMPOUND INTEREST AND WILL BE AVAILABLE TO THE WORKER FOR CERTAIN SOCIALLY BENEFICIAL PURPOSES (HOUSING, EDUCATION, ETC). IN THE PAST THIS AMOUNT HAS ONLY BECOME DUE WHEN THE EMPLOYMENT RELATIONSHIP CEASES AND NO INTEREST WAS EVER PAID ON THE RIGHTS ACQUIRED IN EARLIER YEARS.

4. PUBLIC EMPLOYEES WILL BE BROUGHT UNDER THE SAME TERMINATION AND SENIORITY PAY PROVISIONS WHICH APPLY TO THE PRIVATE SECTOR. THIS PROVISION COULD HAVE IMPORTANT REPERCUSSIONS IF A CHANGE IN GOVERNING PARTIES OCCURS IN THE FUTURE. IN THE PAST A CHANGE IN GOVERNING PARTIES HAS ALWAYS PROVOKED A MASSIVE TURNOVER IN THE BUREAUCRACY AS PARTY FAITHFUL ARE REWARDED FOR YEARS OF SERVICE WITH GOVT JOBS.

5. THE FINANCIAL BENEFITS OF SOCIAL SECURITY FOR INVALIDS, THE PARTIALLY INCAPACITATED, THE ELDERLY, DEATH AND MARRIAGE ARE EXTENDED NATIONWIDE. THIS PROVISION ACCELERATES A PROCESS WHICH WAS ALREADY MOVING ALONG RAPIDLY. FULL NATIONWIDE SOCIAL SECURITY WILL HAVE TO AWAIT GEOGRAPHIC EXTENSION OF THE HOSPITAL AND CLINIC SYSTEM.

6. PERZ ALSO ANNOUNCED THAT HIS GOVT WOULD NOT, REPT NOT, MANDATE ANOTHER WAGE INCREASE LIKE THAT OF LAST YEAR NOR WOULD IT REVALUE THE BOLIVAR BECAUSE THESE ACTIONS WOULD LIMITED OFFICIAL USE

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SIMPLY INCREASE INFLATION AND MAKE VENEZUELA'S NON-TRADITIONAL EXPORTS LESS COMPETITIVE.

7. A COMMISSION IS TO BE FORMED TO REWRITE THE ANTIQUATED 1936 LABOR LAW. PERZ CALLED FOR PASSAGE OF ANTIMONOPOLY LEGISLATION AND REITERATED THAT ALL BASIC INDUSTRIES MUST BE IN THE HANDS OF THE STATE. A LARGE PORTION OF THE EARLY PART OF THE SPEECH WAS DEVOTED TO THE NOW FAMILIAR DEFENSE OF

THE GOVT'S PROPOSAL FOR NATIONALIZING THE PETROLEUM INDUSTRY. PEREZ ONCE MORE MADE THE POINT THAT ACCION DEMOCRATICA (AD) WITH ITS ABSOLUTE MAJORITY IN CONGRESS COULD LEGALLY PASS THE LAW OVER THE OPPOSITION OF THE OTHER PARTIES BUT THAT HE WANTS A NATIONAL CONSENSUS ON THIS CRITICAL ISSUE.

8. COMMENT: THE SPEECH WAS DEFINITELY DESIGNED TO APPEAL TO ITS WORKER AUDIENCE. IT WAS WELL RECEIVED BY THE CTV. THE BUSINESS COMMUNITY ON THE OTHER HAND IS VERY CONCERNED BY WHAT THEY CONSIDERED THE ANTI-BUSINESS TONE OF THE ADDRESS AS WELL AS THE ECONOMIC IMPACT ON THE PRIVATE SECTOR OF THE SPECIFIC DECREES. THE PRESIDENT OF FEDECAMARAS LABELED THE MEASURE REQUIRING A FIVE-PERCENT INCREASE IN EMPLOYMENT AS "ABSURD AND WITHOUT ANY ECONOMIC FOUNDATION." COPIES OF THE DECREES WITH A FULLER ANALYSIS AND ADDITIONAL COMMENTARY WILL BE POUCHED TO THE DEPT AS THEY BECOME AVAILABLE.
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